



**İstanbul Takas ve Saklama Bankası A.Ş.**

**1 JANUARY – 30 JUNE 2018**

**UNCONSOLIDATED**

**INTERIM ANNUAL REPORT**

**İstanbul Takas ve Saklama Bankası A.Ş. 2018 II. Interim Period Annual Report**

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## **Chairman of the Board of Director's Evaluation Regarding the Operating Period**

Takasbank, developing its activities within the scope of grand transformation of the capital markets, continues to contribute for a more stable and sustainable structure of our markets.

When the second quarter of 2018 was assessed in the context of global economic growth, it was a period in which global growth maintained a positive outlook despite increasing protectionism trends and geopolitical risks. The positive outlook for growth and the labor market in the US, the trend of inflation to the target rate, the change in the US administration's tax regulation and other fiscal expansion policies, the expectation of strong progress in economic activity, the successful completion of the election process in the USA led to normalization of monetary policies by FED, ECB and other central banks of the developed countries. However since April 2018, portfolio movements in emerging markets have weakened due to the tightening in global financial conditions and decline in the risk appetite

When look at the Turkish economy, economic activity continued its strong course and its growth rate was realized as 7,4 percent in the first quarter of 2018. Final domestic demand became the main driver of the growth of the economy in 2017 under the influence of measures and incentives to support domestic demand. Although it has been seen the effect of momentum caught in the economic activities, exchange rate transition, cost oriented developments, volatility in food prices became influential in high level of pricing behaviors an led the inflation to move away from the target. On the other hand, the CMB gradually strengthened the level of caution in the monetary policy. In this framework, The CBRT provided the monetary tightening with an increase in the cost of funding. In May, the simplification process of the monetary policy operational framework was completed and the one-week repo interest rate was set as the policy interest rate.

Our bank completed a successful 2018 first half of financial period, our pre-tax profit being realized as 234.3 million TL, total assets as 12.7 billion TL and shareholder equity as 151 billion TL.

Takasbank perpetually continues its practices in order to provide its services in a more swift, efficient and uninterrupted manner Borsa İstanbul has successfully carried on BISTECH Systems as of July 2, 2018 in the Borrowing Instruments Market and Precious Metal Market transactions after the transactions of the İstanbul Stock Exchange and the futures and options market within the framework of the agreement made with the İstanbul Stock Exchange with OMX. By providing innovative solutions to the capital markets and our country's finance sector Takasbank's work on new technologies such as block chain for the purpose of having a strong operation and technological infrastructure is still going on.

Our bank, which is the central counterpart in Borrowing Share Market, Futures and Options Market Stock Exchange İstanbul Exchange and Pay Pen, has started to give this service in the market of Borrowing Instruments on July 2. Our company continues to work on this service with the decision taken by the Takasbank 2 July has transferred.

With the belief that our employees having a big role in the high performance of our bank will continue their devoted efforts in the upcoming periods, I would like to extend my thanks to everyone having a labour in this success.

Best regards,  
Murat ÇETİNKAYA  
Chairman of the Board of Directors

## **CEO's Evaluation regarding the Operating Period**

Throughout in the six months of 2018, our bank continued its efficient and effective progress for Turkish capital markets, shareholders and customers and showed a successful performance.

Evaluating the 2018 first half financial results of our bank, it is observed that a pre-tax profit of 234.3 million TL is obtained. The aforementioned tax result points out a profit being 17% higher than the projected budgeted amount. Also, our total assets are realized as 12.7 billion TL.

Throughout the period, a total 1,101 billion TL transactions executed in BİAŞ Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market. Of these transactions, 19.6 billion TL are corporate bond transactions. As a result of multilateral netting process in the Takasbank system, Takasbank executed cash settlement with a value of 251.2 billion TL and securities settlement with a market value of 786 billion TL.

In the first half period, BİAŞ realized a stock exchange transaction volume of TL 974 billion, a cash transaction of TL 50 billion and a securities exchange transaction of TL 173 billion.

Total number of members in the Futures and Options Market (VIOP) was 69 as of 30 June 2018. In the same period, the number of open positions in VIOP reached 1,647,082 with a market value of 7.2 billion TL.

Throughout the period, Takasbank cash credit volume reached a daily average volume of 139.7 million TL with the active utilization of 14 brokerage houses and settlement credit reached to 3.1 million TL with the active utilization of 7 brokerage houses.

At Takasbank Money Market (TMM), trading volume once in a six month period reached 422.7 billion TL and transaction number was 119,638. Daily average trading volume was realized as 3.4 billion TL and average transaction size was 3.5 billion TL.

Takasbank Securities Lending Market at which CCP service is provided, a total of 1,584.2 million transactions are executed once in a six month period. In this market, 280 different type of securities were subject to the transactions and the trading volume was realized as 7.3 billion TL.

As of 30 June 2018, 17 private pension companies held 407 private pension funds with Takasbank having a total asset value of 84.1 billion Turkish lira. At the same period, 481 mutual funds had a total asset value of 56.2 billion TL and 12 mutual trusts had a total asset value of 459.9 million TL.

With the belief that our employees having a big role in the high performance of our bank will continue their devoted efforts in the upcoming periods, I would like to extend my thanks to everyone having a labour in this success.

Best regards,

Mahmut KAYACIK  
CEO and Board Member

## Bank's Historical Development

The Bank was originally set up as a department of the Borsa İstanbul Inc. (“BİAŞ”) and, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551. According to the resolution in 18th Ordinary Meeting of the Bank General Assembly dated 29 March 2013, title of the Bank has been changed into İstanbul Takas ve Saklama Bankası A.Ş. (Istanbul Settlement and Custody Bank Inc.)

## Shareholding Structure

Takasbank has a paid-in capital of 600 million TL. The bank has 41 shareholders with Borsa İstanbul having 64.14%, 11 banks having 17.04 % and 29 brokerage houses having 18.82% of shares.

Shareholder Name	Paid-in Capital (Thousand TL)	Capital ratio (%)
Borsa İstanbul A.Ş.	384,869	64.14
Türkiye Garanti Bankası A.Ş.	29,685	4.95
Tacirler Menkul Değerler A.Ş.	29,016	4.84
Phillip Capital Menkul Değerler A.Ş.	27,923	4.65
Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38
Türkiye İş Bankası A.Ş.	26,235	4.37
Türkiye Vakıflar Bankası T.A.O.	26,235	4.37
Other (Brokerage House)	29,656	4.95
Other (Bank)	20,101	3.35
<b>Toplam</b>	<b>600,000</b>	<b>100</b>

Titles and Shares of the Real or Legal Persons having more than 10% of the capital:

Business Name	Share Amount (Thousand TL)	Ratio (%)
Borsa İstanbul A.Ş.	384,869	64.14

Share transfers of the shareholders within the reporting period:

Old Shareholder	New Shareholder	Cost of Share		Description
		(thousand TL)	Ratio (%)	
Saxo Capital Markets Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	9	0.0015	Transfer
Delta Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	1,827	0.3118	Transfer

## Branch and Personnel Information

The Bank has a total of 275 employees and does not have any branches. The Bank is operating as Head Office.

## Board of Directors, Auditors, CEO and Executive Vice Presidents

### Chairman and Members of the Board of Directors

Name Surname	Area of Responsibility
Murat Çetinkaya	President
Adnan Ertürk (*)	Member (Vice President and Member of Corporate Management Committee)
Mahmut Kayacık	General Manager and Board Member ( Member of Credit Committe)
Ersin Özoğuz	Member (Member of Audit Committee)
Münevver Çetin	Member (Member of Audit Committee)
Seyit Ahmet Işkın	Member (Member of Audit Committee)
Güzide Meltem Kökden	Member (Credit Committee Member, Corporate Governance Committee Member)
Gülseren Topuz	Member (President of Corporate Governance Committee, Credit Committee Associate Member)
Mustafa İleri	Member (Credit Committee Associate Member)

### CEO and Executive Vice Presidents

Name Surname	Area of Responsibility
Mahmut Kayacık	General Manager and Board Member ( Member of Credit Committe)
Gökhan Elibol	Markets and Operations
Ekrem Arıkan	Information Technology

\*On June 23, 2018, Deputy Chairman of the Board of Directors Adnan Ertürk passed away and was not appointed.

### Information Related to Transactions the Bank Performs Conducts with its Risk Group

Within the scope of the transactions executed with its risk group, the transactions executed with the Bank's major shareholder Borsa Istanbul as well as the transactions executed by the member of the Board of Directors with the institutions of which they hold CEO or Board member posts are taken into account. As of the first half of 2018, debt securities guarantee fund with an amount of 619 thousand TL are present in the "Miscellaneous Payables" item. BİAŞ withdrew the amount of Share Certificate Guarantee Fund which held by Takasbank.

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Venture) (Thousand TL)		Direct and indirect shareholders of the Bank (Thousands of TL)(Thousand TL)		Other entities included in the risk group (Thousand TL)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Opening Balance at the beginning of the period	-	-	144,797	2,666,698	100,108	-
Closing Balance at the end of the period	-	-	204,182	1,695,494	150,148	522,727
Received Interest and Commission Income	1,299		18,601	12,264	3,996	311

## Evaluation on the Bank's Financial Indicators and Performance

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<b>ASSETS (Thousand TL)</b>	<b>30 June 2018</b>
Financial Assets (Net)	12,313,943
<i>Cash and Balances With Central Bank</i>	<i>124</i>
<i>Banks</i>	<i>12,215,072</i>
<i>Money Markets</i>	<i>33,481</i>
<i>Financial assets at fair value through other comprehensive income</i>	<i>1,832</i>
<i>Loans measured at amortised cost</i>	<i>81,210</i>
<i>Expected Loss Reservs (-)</i>	<i>17,776</i>
Loans (Net)	208,701
<i>Loans measured at amortised cost</i>	<i>208,987</i>
<i>Allowance for expected credit losses (-)</i>	<i>286</i>
Investments in Associates, Subsidiaries and Joint Ventures	4,825
Tangible Assets (Net)	6,077
Intangible Assets and Goodwill (Net)	103,112
Investment Properties (Net)	9,341
Current Tax Assets	-
Defferred Tax Assets	7,836
Other Assets	24,689
<b>Total Assets</b>	<b>12,678,524</b>

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<b>Liabilities (Thousand TL)</b>	<b>30 June 2018</b>
Loans Received	3,301,047
Funds	7,836,064
Provisions	57,776
Current Tax Liabilities	34,830
Shareholders Equity	1,448,807
<b>Total Liabilities</b>	<b>12,678,524</b>

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**Income Statement (Thousand TL)**

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**30 June 2018**

Interest Income	266,007
Interest Expense (-)	62,322
Net Interest Income/Expense	203,685
Net Fees and Commissions Income/Expenses	95,203
Personnel Expenses (-)	25,711
Dividend Income	-
Trading Profit/Loss	2,999
Other Operating Income	2,937
Net Operating Profit/Loss	279,113
Allowances for Expected Credit Losses (-)	11,949
Other Operating Expenses (-)	32,880
Net Operating Profit/Loss	234,284
Provision for Taxes on Income from Continuing Operations(-)	50,703

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**183,649**

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**Net Period Profit/Loss**

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**Financial Ratios (%)**

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**30 June 2018**

Operating Income / Total Assets	1.85
Shareholders Equity / Total Assets	11.43
Operating Income / Shareholders Equity	16.17
Net interest revenue / Operating revenue	72.98

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<b>Assets (Thousand TL)</b>	<b>31 December 2017</b>
Cash and Balances With Central Bank	480
Banks	10,163,484
Money Markets	20,833
Available for Sale Financial Assets	1,832
Loans and Debts	198,856
Held to Maturity Investment	36,947
Subsidiaries (Net)	4,825
Tangible Assets (Net)	7,437
Intangible Assets (Net)	98,095
Investment Property (Net)	9,495
Other Assets	22,145
<b>Total Assets</b>	<b>10,564,429</b>

<b>Liabilities (Thousand TL)</b>	<b>31 December 2017</b>
Fund Borrowed	3,144,268
Money Market	34,737
Miscellaneous Payables	5,970,618
Other Liabilities	60,316
Provisions	82,062
Tax Liability	26,166
Shareholders' Equity	1,246,262
<b>Total Liabilities</b>	<b>10,564,429</b>

<b>Income Statement (Thousand TL)</b>	<b>30 June 2017</b>
Interest Income	181.145
Interest Expense (-)	34.495
Net Interest Income/Expense	146.650
Net Fees and Commissions Income/Expenses	70.598
Dividend Income	30
Trading Profit/Loss	442
Other Operating Income	703
Total Operating Income/Expense	218.423
Provisions for Loan Losses and Other Receivables (-)	8.478
Other Operating Expenses (-)	45.265
Income/(Loss) from Continuing Operations Before Tax	164.680
Tax Provision (-)	34.464
	<b>130,216</b>
<b>Net Income/(Loss)</b>	

<b>Financial Ratios (%)</b>	<b>30 June 2017</b>
Operating Income / Total Assets	1.79
Shareholders Equity / Total Assets	11.93
Operating Income / Shareholders Equity	14.99
Net interest revenue / Operating revenue	65.34
	67.14

Total asset size being 10,564,429 thousand TL as of 2017 year-end reached to 12,678,524 thousand TL as of the end of June 2018. Banks item being the highest amount among the asset items increased 12,215,072 thousand TL and recorded an increase of 20%.

Bank's credit portfolio increased by 4.95% and reached to 208,987 thousand TL from 198.856 thousand TL.

Funds item taking an important place among the liability items increased from 7,836,064 thousand TL as of the previous year-end to 6,030,934 thousand TL and recorded an increase of 30%. All loans received increased to 3,301,047 thousand TL from 3,144,268 thousand TL and recorded an increase of 5%.

The Bank obtained a pre-tax profit of 234,284 thousand TL and a post-tax profit of 183,649 thousand TL as of 2018 1 st quarter end.

Of 266,007 thousand TL interest revenue obtained as of the end of June 2018 252,481 thousand TL was from banks, 3,418 thousand TL from securities, 9,852 thousand TL from loans, 256 thousand TL from others. Total interest expense regarding this period was realized as 62,323 thousand TL.

The bank earned 106,055 thousand TL commission revenue as the result of the services provided and paid a commission of 10,852 thousand TL for TL and FX money transfer transactions. Net fee and commission income was realized as 95,203 thousand TL as of the end of June 2018.